NACUC 48th Annual Chairs’ Roundtable Forum
Discussion Guides

Roundtable 1: “Fostering Employee & Membership Retention in a Competitive Landscape”

In navigating the competitive financial landscape, credit unions face a distinct challenge: how to retain both their talented employees and their loyal membership base. At the heart of this challenge lies the need to create a workplace environment that not only attracts top talent but also nurtures their growth and satisfaction. Unlike traditional banks, credit unions often pride themselves on their cooperative structure, where members are also owners. This unique ownership model can serve as a powerful motivator for employees who feel a sense of pride and connection to their work, knowing they are directly contributing to the success of their members and community.

To foster employee retention, credit unions must prioritize creating a positive work culture that values collaboration, respect, and recognition. Providing opportunities for professional development and career advancement is crucial for retaining employees who seek growth and progression within the organization. Offering competitive compensation and benefits packages is equally important, ensuring that employees feel adequately rewarded for their contributions and are motivated to stay long-term.

Moreover, engaging in community outreach not only strengthens the credit union's ties to its local community but also enhances its reputation as a socially responsible financial institution. By actively participating in philanthropic initiatives and volunteer programs, credit unions demonstrate their commitment to making a meaningful difference beyond banking services. This community-centric approach can resonate strongly with both employees and members, fostering a sense of pride and loyalty towards the credit union.

In the realm of member retention, credit unions must prioritize delivering exceptional member experiences that differentiate them from their competitors. Leveraging data analytics to gain insights into member preferences and behaviors allows credit unions to tailor their services and offerings to meet evolving needs effectively. Embracing digital innovation is also essential in today's tech-savvy environment, as it enables credit unions to provide convenient access to banking services through mobile apps, online platforms, and other digital channels. Ultimately, by focusing on strategies that prioritize employee satisfaction, member engagement, and community involvement, credit unions can effectively navigate the competitive landscape while fostering long-term success and sustainability.

[CLICK HERE](#RT1) to answer Roundtable #1 questions

**Roundtable 2: “Best Practices for a Successful Merger”**

Credit union mergers and acquisitions represent pivotal moments in the evolution of financial institutions. When two credit unions come together, it's not merely a consolidation of assets but a fusion of cultures, values, and strategic visions. Board composition plays a crucial role in shaping the direction of the newly formed entity. Often, board members from both credit unions must collaborate to ensure a smooth transition and effective governance. Maintaining a balance between representation from both sides while fostering cohesion is paramount. It requires a delicate blend of leadership, expertise, and a shared commitment to the credit union's mission and vision.

The culture of a credit union is its essence, reflecting its identity and values. During mergers and acquisitions, preserving and integrating this culture is a significant challenge. Cultural alignment is essential for fostering trust among employees, members, and stakeholders. It involves recognizing and respecting the unique characteristics of each organization while identifying common ground to build upon. Leaders must nurture an environment of open communication and transparency to address concerns and align expectations. By fostering a culture of collaboration and mutual respect, the newly merged credit union can leverage the strengths of both entities to better serve its members and community.

Strategic planning serves as the roadmap for navigating the complexities of a merger or acquisition. It involves setting clear objectives, identifying potential synergies, and mitigating risks. The mission and vision of the credit union guide this process, providing a sense of purpose and direction. In a merger, strategic planning encompasses various aspects, including operational integration, technology alignment, and member retention strategies. It requires input from diverse stakeholders to ensure comprehensive decision-making and accountability. By aligning strategic initiatives with the overarching mission and vision, the credit union can position itself for long-term success and sustainability in an ever-evolving financial landscape.

[CLICK HERE](#RT2) to answer Roundtable #2 questions

**Roundtable 3: “Board Performance & Engagement”**

The Directors on the Board are voted on by the credit unions’ member/owners. Members have an expectation that an elected board will represent their issues and concerns to the management and staff. Once elected, board members should properly represent the needs and desires of all the members while ensuring that the organization remains safe and sound. Board leadership must ensure that all board members are fully engaged participants.

The Board leads the credit union in several specific areas such as establish policies, provide guidance, determine appropriate allocations and approval of the annual budget, and manage the President/CEO. The Board also collaborates with senior staff on a wide range of issues. Collaborations vary widely from credit union to credit union.

Board education is critical to performance in this quickly changing environment. All the vendors providing educational opportunities have strengths and weaknesses. That and the consolidation of NAFCU and CUNA create challenges to selecting programs to best serve the unique needs of each credit union. Some boards have created small committees to research and evaluate education opportunities best suited to the needs of their credit union.

Board directors’ skills and interests should be utilized for the benefit of the members and communities it serves. Directors should be visible and easily accessible through most of the popular venues, ie, email, social media, town hall meetings, etc. Boards should consider sponsoring events and participating in community gatherings like little league teams, fall festivals, etc.

Some directors will be over-achievers and others will be under-achievers. Board leadership should quickly address any issues that arise to ensure equitable distribution of responsibilities. Further the leadership must address any board accountability issues as they arise.

[CLICK HERE](#RT3) to answer Roundtable #3 questions

**Roundtable 4: “Effective Board Governance”**

**Board Legal Duties, Roles, Responsibilities**Credit unions, as member-owned financial cooperatives, rely on effective governance for sustainability and success. Central to this is the Board of Directors, whose legal duties, roles, and responsibilities are crucial in safeguarding the interests of members. Board members are fiduciaries, meaning they have a legal obligation to act in the best interest of the credit union and its members. Duties include:

1. **Duty of Care**: Board members must perform their duties with the care an ordinarily prudent person in a similar position would exercise under similar circumstances. This involves making informed decisions based on adequate information, attending meetings regularly, and being diligent in overseeing the credit union’s operations.
2. **Duty of Loyalty**: This duty requires board members to act in good faith and prioritize the interests of the credit union over personal or external interests. Board members must avoid conflicts of interest and refrain from using their position for personal gain.
3. **Duty of Obedience**: Board members must ensure that the credit union complies with applicable laws, regulations, and its own bylaws. This includes adhering to state and federal regulations governing credit unions and ensuring that the credit union’s activities align with its mission and purpose.

The roles and responsibilities of credit union board members are diverse and pivotal to the organization’s success. Some key responsibilities include but are not limited to:

1. **Strategic Planning**: The board sets the strategic direction by establishing its vision, mission, and long-term goals. This involves approving strategic plans and monitoring their implementation to ensure the credit union’s growth and sustainability.
2. **Policy Making**: Board members are responsible for developing, reviewing, and approving policies that guide the credit union’s operations. These policies cover various areas, including lending practices, member services, and internal controls.
3. **Financial Oversight**: Ensuring the credit union’s financial health is a critical responsibility. The board approves budgets, monitors financial performance, oversees audits, and addresses any financial issues to maintain stability and member confidence.
4. **CEO Oversight**: The board hires, evaluates, and, if necessary, replaces the CEO ensuring that the CEO implements the board’s strategic plans and policies effectively. This oversight is crucial for maintaining strong leadership and operational efficiency.
5. **Risk Management**: Identifying, assessing, and mitigating risks is a fundamental responsibility of the board. This includes ensuring adequate internal controls, compliance with regulations, and addressing potential threats to the credit union’s operations.
6. **Member Representation**: As representatives of the credit union’s members, board members must ensure that members’ interests and needs are addressed. This involves understanding their concerns and making decisions that benefit the membership as a whole.

**Governance Structure of a Credit Union**The governance structure of a credit union is designed to facilitate effective decision-making and accountability. Some key components include but not limited to:

1. **Board Composition**: The board typically consists of elected members who represent the credit union’s membership. Diversity in skills, backgrounds, and perspectives is encouraged to ensure comprehensive decision-making.
2. **Committees**: To manage specific areas effectively, the board often forms committees. These committees focus on specialized tasks and report back to the full board.
3. **Meetings**: Regularly scheduled meetings are essential for discussing and making decisions on key issues. Special meetings can be called as needed. These meetings ensure that the board remains engaged and informed about the credit union’s operations and challenges.
4. **Decision-Making Process**: The board typically follows a democratic process, with decisions made by majority vote. This process emphasizes transparency, accountability, and member involvement, ensuring that decisions reflect the collective wisdom and interests of the board and membership.

**Best Practices for Effective Governance**Effective governance requires continuous improvement and adherence to best practices. These include:

1. **Continuous Education**: Board members should engage in ongoing education about their responsibilities, and the industry to remain informed and capable of making sound decisions.
2. **Effective Communication**: Open and transparent communication between board members, management, and members is vital for building trust and making informed decisions.
3. **Regular Evaluations**: Conducting regular evaluations of board performance and effectiveness helps identify areas for improvement and ensures accountability.
4. **Succession Planning**: Ensuring there is a plan for leadership continuity on the board and in senior management is essential for long-term stability and success.

Understanding the duties, roles, and responsibilities of board members and a well-defined governance structure is crucial for the success of credit unions. By adhering to fiduciary duties, strategic planning, and maintaining strong risk management practices, boards can ensure that they meet the needs of their members and navigate the challenges of the financial landscape effectively. Continuous education, effective communication, regular evaluations, and succession planning are essential.

[CLICK HERE](#RT4) to answer Roundtable #4 questions

**Roundtable 5: “CEO Compensation Metrics & Evaluation Process”**

Evaluating the CEO is a key responsibility of the board and the most effective manner to reward the CEO for performance and/or promote organizational improvement. The establishing of compensation metrics, and the evaluation process are a topic of wide discussion and are not particularly standardized. There are numerous third-party vendors that can be hired to assist you in developing a CEO evaluation if you do not have one in place. On the other hand, it doesn’t have to be necessarily complex, and some consultants provide free examples. The most important point is that your CEO receives at least an annual evaluation to ensure he/she and staff perform at a high level to attain goals that support the organization and membership. There is no one-size-fits-all approach to CEO evaluation and your credit union’s compensation and business philosophy has various impacts to Key Performance Indicators (KPIs) and subjective goals. (Note: The setting of basic salary is typically derived from market data for your area. There are many sources to compare peer data for your CEO. NACUC (the only one with direct input from Chairs), America’s Credit Union, CUES, and many others offer products. Several of these provide a suggested annual cost of living allowance percentage. Remember that all CUs are different in their business philosophy and what they offer in “total compensation.” Exercise caution in assuming that CEO compensation surveys are apple-to-apple comparison since there are many variables such as life and health insurance, automobile stipend, 401, SERP, gym membership, bonus offerings, etc. The below focuses on evaluating the CEO’s annual performance.

Depending on your credit union’s compensation philosophy, the metrics and evaluation tools could be vastly different. The current financial fiscal landscape has become more unpredictable and complex. For that reason, some are promoting the simplest of evaluation measurements using only a few key performance indicators (KPIs) such ROA, Net Worth, and Net Promoter Score. While these objective elements paint a partial financial portrait, they don’t address other important elements of a thorough evaluation.

In the more traditional approach, there are normally two sets of evaluation factors, objective factors that capture the quantifiable key performance indicators, and subjective factors such as board/committee relationships, community and employee relationships, and communications and leadership skills. These quantifiable KPIs and subjective goals are typically determined because of your Strategic Planning Session/Board/CEO retreat. While it seems easy to simply set an EOY ROA (return of assets) goal at a certain %, this one projected KPI includes many asset and liability projections, interest rate margin projections, investment or expansion plans, cost of funds, liquidity concerns, and cost of problematic delinquencies and charge-offs, etc. For this and other reasons the CEO and CFO play a pivotal role in establishing the expected EOY KPIs/key ratios goals. This discussion between Chairman/Board or committee and CEO is very significant in having a meeting of the minds on expectations/goals that are challenging, yet attainable. The CEO will be very interested in how he can exceed expectations as bonuses are high on their list in a “total” compensation package.

Ideally the KPI objectives and subjective factors could be weighted (for example 60% of budget potential bonus for objective and 40% for subjective). The actual EOY KPI objective numbers are provided in the CU’s Call Report. The subjective questions and answer results are voted on by the individual Board Members. The goal and stretch goals are built into Likert-like scale table. The Chairman provides the results and feedback of the evaluation to the CEO. The sample on the following page are just for thought-provoking discussion.

[CLICK HERE](#RT5) to answer Roundtable #5 questions

**EXAMPLE SUBJECTIVE BONUS EVALUATION**

**SUBJECTIVE FACTORS 0=Does not meet expectations, 1=Meets, 2=Exceeds**

Board Relations (scored 0, 1, 2 points)

Regulatory and Policy (scored 0, 1, 2 points)

**BOARD RELATIONS** (XX of 98)

1. Is the Board kept well informed?

2. Are deadlines met?

3. Are special requests by the Board (not individual directors) addressed promptly?

4. Is communication open, honest, and transparent?

5. Are the operational objectives and priorities carried out to the satisfaction of the Board?

6. Are new ideas presented to the Board and effectively implemented?

7. Are decision packages presented to the Board in a format that includes pros/cons of the each action and at least two options to consider.

**REGULATORY/POLICY** (XX of 70)

1. Does the CEO and management staff fully cooperate with all examiners and auditors

2. Is the CEO familiar with, and work within the parameters of the policies set by the Board?.

3. As evidenced by examinations, and internal and external audits, are internal controls adequate and being well executed?

4. Does Audit Department receive timely and accurate responses to deficiencies, findings, and recommendations in audit reports?

5. Does the CEO provide the Board with an annual written succession plan for himself and key positions (Chiefs)? (Note: Recent NCUA rule requires CUs to have succession plan.)

**BOARD MEMBER SUBJECTIVE SCORECARD**



**EXAMPLE OBJECTIVE SCORECARD (SCORES FROM CALL REPORT EOY REPORT)**



**Roundtable 1
Fostering Employee & Membership Retention in a Competitive Landscape**

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| --- |
| Participants Name(s): |
| Credit Union: | City/State: |

How do you think the unique organizational structure of credit unions, characterized by member ownership and democratic governance, influences their strategies for fostering employee retention compared to traditional banks?

[Insert your answer here]

In what ways can credit unions leverage technology to enhance both employee satisfaction and member engagement, and how might this technological adoption differ from approaches taken by larger financial institutions?

[Insert your answer here]

What role do you believe community outreach and involvement play in credit unions' efforts to retain both employees and members, and how can credit unions effectively balance community engagement with profitability goals in a competitive market?

[Insert your answer here]

How can credit unions effectively differentiate themselves from other financial institutions in the eyes of both employees and members, and what specific strategies might be most effective in achieving this differentiation in today's digital age?

[Insert your answer here]

With the increasing importance of digital banking and remote work arrangements, how do you envision credit unions adapting their employee retention and member retention strategies to accommodate these shifting trends while maintaining a competitive edge?

[Insert your answer here]

Roundtable 2
Best Practices for a Successful Merger

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| Participants Name(s): |
| Credit Union: | City/State: |

During a merger negotiation how have you determined board composition and management integration?

[Insert your answer here]

With corporate culture being such an important part of a successful credit union, how have you ensured a cultural fit between the merging credit unions?

[Insert your answer here]

Have you changed the mission and/or vision of your credit union during a merger. If so, why? If not, why not?

[Insert your answer here]

How has a merger fit into your credit union’s strategic plan?

[Insert your answer here]

What steps have you taken to find an effective strategic partner?

[Insert your answer here]

Roundtable 3
Board Performance & Engagement

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| Participants Name(s): |
| Credit Union: | City/State: |

Please describe your processes for creating and reviewing director guidelines. How are the guidelines shared by the Nominating Committee with potential candidates?

[Insert your answer here]

Internal evaluations can be difficult and contentious but necessary. Please describe how your board is evaluated (self, peer to peer, informal or formal) and what lessons you learned that can be shared with colleagues.

[Insert your answer here]

If your credit union has term limits, please explain the advantages and disadvantages you have experienced.

[Insert your answer here]

Understanding the needs of the communities served by the credit union is important. How does your Board assign community representation responsibilities?

[Insert your answer here]

How does your Board evaluate training and educational opportunities?

[Insert your answer here]

Roundtable 4
Effective Board Governance

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| Participants Name(s): |
| Credit Union: | City/State: |

What are the key fiduciary duties of a credit union board member, and how can board members ensure they are meeting these obligations effectively? Provide examples of situations where these duties might be challenged or tested?

[Insert your answer here]

How does the board's role in strategic planning influence the long-term success of a credit union? What are some effective strategies for ensuring that the board’s strategic vision aligns with the needs and expectations of the credit union's members?

[Insert your answer here]

What are the most critical aspects of financial oversight that the board must focus on to maintain the financial health of a credit union? How can board members balance the need for financial stability with the need to invest in growth and member services?

[Insert your answer here]

How does the governance structure of a credit union, including the composition of the board and its committees, impact its effectiveness in decision-making and accountability? In what ways can the governance structure be improved to enhance the credit union's responsiveness to its members?

[Insert your answer here]

What are some best practices for board member education and continuous improvement to ensure effective governance in a credit union? How can board members stay informed about industry changes and evolving best practices to better serve their credit union?

[Insert your answer here]

Roundtable 5

CEO Compensation Metrics & Evaluation Process

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| Participants Name(s): |
| Credit Union: | City/State: |

What Key Performance Indicators (KPI) do you use to evaluate your CEOs performance? If using KPI’s such as ROA, Membership Growth, and Asset Quality, how are you validating that your established annual expectations/goals are not too easy to achieve, nor unattainable? Do these objective KPI goals flow to the C-Suite goals?

[Insert your answer here]

While quantitative objective factors are related to financial well-being of the CU, subjective factors are important to a healthy culture, good management, communications, and leadership. What subjective questions do you include in your CEO evaluation, and do you change them for the following year if there is a problem area identified?

[Insert your answer here]

Since CEO compensation is a large expense, what peer metrics or credit union source documents, or third-party surveys, do you use to ensure you are fairly compensating the CEO against market while being responsible with membership money?

[Insert your answer here]